

Integrated Waste Management Fund

M I S S I O N

T*o provide solid waste disposal and recycling services, collection of fees for those services, and City efforts to encourage reduction, reuse, and recycling of solid waste. Services provided through this fund are:*

- *Garbage collection, recycling services, public outreach, and administration;*
- *Management of the city-wide disposal contract (IDC);*
- *Customer billing and customer service;*
- *Household Hazardous Waste services;*
- *Environmental planning and policy development;*
- *Residential street sweeping; and*
- *Environmental facility management.*

Integrated Waste Management Fund

Budget Summary

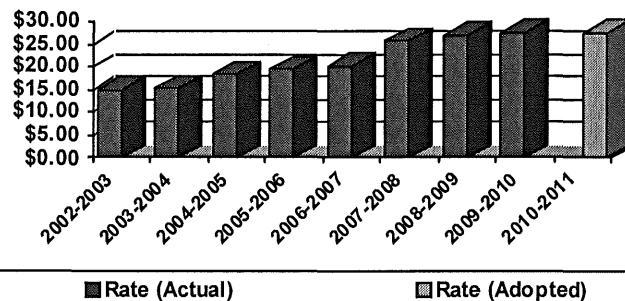
	2009-2010 Adopted	2010-2011 Adopted	Change
Garbage and Recycling Services, Public Outreach, and Administrative Services	\$ 106,541,311	\$ 106,903,337	0.3%
Accounting and Lien Collection	\$ 1,616,816	\$ 1,611,884	(0.3%)
City-Wide Disposal Contract Mgmt.	\$ 7,650,000	\$ 7,724,100	1.0%
Environmental Compliance and Monitoring	N/A	\$ 350,000	N/A

Budget Highlights 2010-2011

- ☐ In 2010-2011, the Integrated Waste Management Fund will support garbage and recycling services, redesign of the commercial solid waste management systems, and the pursuit of energy conversion technologies.
- ☐ A continuing goal for this Fund in 2010-2011 is to maintain the Recycle Plus single-family and multi-family garbage and recycling programs as close to cost recovery as possible. No rate increases were required for 2010-2011.

Budget Byte

San José Garbage & Recycling Single-Family Residential Rates



San José Garbage & Recycling
Monthly Single-Family Residential Rates

	2004- 2005	2005- 2006	2006- 2007	2007- 2008	2008- 2009	2009- 2010	2010- 2011
Rate	<u>Actual</u> \$18.30	<u>Actual</u> \$19.20	<u>Actual</u> \$20.15	<u>Actual</u> \$25.80	<u>Actual</u> \$26.95	<u>Actual</u> \$27.50	<u>Adopted</u> \$27.50
Effective Date	8/1/2004	4/1/2006	8/1/2006	7/1/2007	7/1/2008	7/1/2009	7/1/2010

Integrated Waste Management Fund

Fund Overview

The Integrated Waste Management (IWM) Fund supports residential, commercial, and civic solid waste activities, including various contracts for collection, processing, and disposal. It also supports the implementation of Green Vision Goal #5: *Divert 100 percent of the waste from the City's landfill and convert waste to energy.*

The residential services group manages contracts for Recycle Plus garbage, recycling, yard trimmings, and street sweeping services for single-family dwelling (SFD) and multi-family dwelling (MFD) properties. For SFD, staff implemented organic waste collection and recycling pilots in 2009-2010 with approximately 16,500 households participating. These pilots, which will run through 2011-2012, include the Yard Trimmings Cart, Garbage Processing, and Food Scraps and Organics Pilot projects. The current Recycle Plus contracts will expire in 2013. On June 22, 2010, the City Council authorized the City Manager to negotiate and execute new agreements for Residential and Civic solid waste collection and recycling with the current haulers providing these services, with terms of July 1, 2010 through June 30, 2021.

The commercial services group manages over 20 commercial franchised haulers operating in the City of San José. The team also provides technical assistance to businesses in the City to help increase waste reduction and recycling in the commercial sector. Staff released a Request for Proposals (RFP) in spring 2010 for commercial solid waste collection services. It is anticipated that the redesigned commercial system will increase the commercial solid waste diversion rate from the current level of less than 20% to over 75%, generate green-collar jobs, provide feedstock for potential waste-to-energy operations, and decrease greenhouse gases.

The Construction and Demolition Diversion Deposit (CDDD) recycling program continues to divert the single largest component of the City's waste stream. In November 2009, a thorough evaluation and analysis of the City's CDDD Program was completed. Some of the objectives of the analysis were to find ways to achieve greater diversion levels, support waste to energy, and to align diversion requirements with Green Building LEED requirements. Program enhancements are being implemented to encourage facility operators to improve and expand processing capabilities and increase diversion.

The IWM Division finalized design concepts in 2009 for the renovation of a warehouse on Las Plumas Avenue into the Environmental Innovation Center (EIC). The EIC is envisioned to be a state-of-the art facility that advances the City's commitment to San José's Green Vision through Clean Technology innovation and job creation. The construction is broken into two phases, with the first phase completed June 2010 and the second phase scheduled for completion in summer 2012. Currently, Phase Two is partially funded and grant funding is being actively pursued for the remainder of the project. If full funding does not become available, the project schedule may be delayed.

An Organics to Energy Strategic Plan was developed in summer 2009 as a strategic roadmap for pursuing energy conversion technologies to reduce the volume of material entering landfills and prepare it for further processing while capturing energy in the process. Staff is actively pursuing State and federal grant opportunities for this program.

Key actions included in the 2010-2011 Adopted Operating Budget will realign services currently funded in the General Fund

Integrated Waste Management Fund

Fund Overview (Cont'd.)

to the IWM Fund, resulting in ongoing cost savings for the General Fund. First, an alignment of contract expenditures and contract administration for the garbage and recycling services for City facilities is included. Currently, these expenses are budgeted in individual department budgets while management of the contract resides with the Environmental Services Department (ESD). The funding shift to ESD provides an opportunity to centralize contract management and create administrative efficiencies. This action will increase costs to the IWM Fund by \$792,000, and will be funded out of late fee revenues. The second action will reallocate expenses of \$224,000 from the General Fund to the IWM Fund for the City's agreement with the International Disposal Corporation of California, Inc.

(IDC). This reallocation will also be funded by late fee revenue in the IWM Fund. The agreement with IDC provides solid waste disposal for all municipal operations. Combined, these two actions are expected to result in ongoing annual savings of over \$1.0 million in the General Fund.

In addition, a transfer of \$2.4 million, with \$250,000 ongoing, from the Reserve for CDDD in the IWM Fund to the General Fund, as well as a one-time reallocation of \$350,000 from the General Fund to the IWM Fund for Environmental Compliance and Monitoring, are included in the Adopted Budget. Late fee revenue from previous years, currently in the Ending Fund Balance, is available for this purpose.

Fund Summary

	2008-2009 Actual 1	2009-2010 Adopted 2	2010-2011 Adopted 3	% Change (2 to 3)
Dollars by Sources				
Beginning Fund Balance	\$ 27,087,446	\$ 25,653,269	\$ 22,821,836	(11.0%)
Operating Revenues	105,468,243	111,549,719	108,450,889	(2.8%)
Interest and Other Revenues	1,292,817	730,924	548,071	(25.0%)
Total	\$ 133,848,506	\$ 137,933,912	\$ 131,820,796	(4.4%)
Dollars by Uses				
Garbage and Recycling Services, Public Outreach, and Administrative Services	98,857,148	\$ 106,541,311	\$ 106,903,337	0.3%
Accounting and Lien Collection	1,512,351	1,616,816	1,611,884	(0.3%)
City-Wide Disposal Contract Management	6,721,158	7,650,000	7,724,100	1.0%
Environmental Compliance & Monitoring	N/A	N/A	350,000	100.0%
Ending Fund Balance	26,757,848	22,125,785	15,231,475	(31.2%)
Total	\$ 133,848,506	\$ 137,933,912	\$ 131,820,796	(4.4%)

Integrated Waste Management Fund

Budget Category: Garbage and Recycling Services, Public Outreach, and Administrative Services

Budget Category Overview

Activities in this budget category ensure the achievement of City objectives related to waste management and the reduction of solid waste. The Garbage and Recycling Services unit oversees and manages the garbage and recyclables collection contracts for San José residents and franchises for businesses. This unit also designs, evaluates, and implements programs to reduce waste generated by the City, provides policy and technical analysis, promotes programs for market development, and ensures compliance with environmental laws and permits. The Public Outreach Services unit designs, implements, and evaluates major public education, outreach, and marketing initiatives in support of recycling, composting, and waste reduction objectives. Administrative Services include support services provided by various City departments, overhead to the General Fund, as well as Workers' Compensation Claims costs.

Customer rates for solid waste services are remaining at 2009-2010 levels in 2010-2011.

A shift of \$2.4 million from the Reserve for Construction and Demolition Diversion Deposit (CDDD) in the IWM Fund to the General Fund is included in the 2010-2011 Adopted Budget. The CDDD is collected by the City from every remodeler or contractor that submits an application for a building permit. These deposits are returned if the applicant recycles their construction and demolition debris and submits appropriate documentation. At the start of 2010-2011, this reserve is expected to contain \$9.0 million, of which \$6.6 million will be reserved for the Environmental Innovation Center Project, as described to the Transportation and Environment Committee, in a memorandum dated August 28, 2009. The remaining \$2.4 million will be transferred to the General Fund.

Budget Category Summary

Garbage and Recycling Services, Public Outreach, and Administrative Services	2008-2009 Actual 1	2009-2010 Adopted 2	2010-2011 Adopted 3	% Change (2 to 3)
Garbage and Recycling Service	\$ 91,227,613	\$ 98,584,127	\$ 96,981,237	(1.6%)
Public Outreach	577,788	577,788	77,788	(86.5%)
Administrative Services	7,051,747	7,379,396	9,844,312	33.4%
Total	\$ 98,857,148	\$ 106,541,311	\$ 106,903,337	0.3%

Integrated Waste Management Fund

Budget Category: Garbage and Recycling Services, Public Outreach, and Administrative Services

Budget Category Summary (Cont'd.)

The following changes are included for 2010-2011 in the Garbage and Recycling Services, Public Outreach, and Administrative Services allocations:

Adopted Allocation	2009-2010 Adopted	2010-2011 Adopted	Change
Garbage and Recycling Services, Public Outreach, and Administrative Services	\$ 106,541,311	\$ 106,903,337	\$ 362,026

Garbage and Recycling Services

Base Adjustments

(One-time Prior Year Expenditures Deleted/Technical Adjustments to Costs of Ongoing Activities):

• Las Plumas Facility	Eliminate one-time facility design and construction funding	(\$4,140,000)
• Yard Trimmings Street Sweeping	Reallocate a portion of the residential street sweeping services contract to the Storm Sewer Operating Fund	(\$600,000)
• Single Family Dwelling	Anticipated contract savings	(\$341,400)
• Environmental Services Department (ESD) Non-Personal/Equipment	Eliminate one-time waste to energy conversion study funding	(\$300,000)
	Eliminate one-time commercial solid waste system redesign consultant funding	(\$250,000)
	Eliminate one-time Integrated Billing System evaluation funding	(\$200,000)
• DOT Non-Personal/Equipment	Reallocate funding for debris hauling services contract	(\$74,196)
• DOT Personal Services	Salary/benefit changes and position reallocations	(\$21,332)
• Multi-Family Dwelling Contract	6% contractual increase to the multi-family dwelling garbage and recycling contract	\$886,000
• ESD Personal Services	Salary/benefit changes and position reallocations	\$589,422
• ESD Non-Personal/Equipment	Changes in vehicle maintenance and operations costs and contractual services	\$19,048
• PRNS Personal Services	Salary/benefit changes and position reallocations	\$2,748
Subtotal Base Adjustments		(\$4,429,710)

Budget Proposals Approved

• ESD Non-Personal/Equipment	Environmental Innovation Center Land Purchase: Non-Personal/ Equipment Savings	(\$1,000,000)
• ESD Personal Services	Environmental Services Department Management and Professional Employees Total Compensation Reduction, and Environmental Services Department Administrative	(\$41,223)
• EIC Land Purchase	Land purchase for the Environmental Innovation Center	\$2,250,000
• HHW Las Plumas Facility	Household Hazardous Waste (HHW) Las Plumas Facility	\$825,000

Integrated Waste Management Fund

**Budget Category: Garbage and Recycling Services, Public Outreach,
and Administrative Services**

Budget Category Summary (Cont'd.)

Adopted Allocation	Change
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Garbage and Recycling Services (Cont'd.)

Budget Proposals Approved (Cont'd.)

• City Facilities Solid Waste Collection	City Facilities Solid Waste Collection Contract Funding Reallocation	\$791,989
• PRNS Personal Services	City-wide Grants Management System	\$1,054
Subtotal Budget Proposals Approved		\$2,826,820

Subtotal Garbage and Recycling Services	\$ (1,602,890)
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Public Outreach

Budget Proposals Approved

• ESD Non-Personal/ Equipment	One-time decrease for communications funding to replenish the carryover ending fund balance (from AB939 fees) to partially offset the purchase of land adjacent to the Las Plumas Facility	(\$500,000)
Subtotal Budget Proposals Approved		(\$500,000)

Subtotal Public Outreach	\$ (500,000)
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Administrative Services

Base Adjustments

(One-Time Prior Year Expenditures Deleted/Technical Adjustments to Costs of Ongoing Activities):

• Retiree Healthcare	Elimination of funding for the Retiree Healthcare Reserve	(\$30,220)
• IT Non-Personal/ Equipment	Eliminate one-time funding for Customer Contact Center equipment upgrade/ Hardware and software maintenance contracts updates	(\$25,350)
• Non-Profit Platform	Decreased funding for grant oversight	(\$3,657)
• IT, CAO, HR, CMO, PW Personal Services	Salary/benefit changes and position reallocations	\$248,998
• PBCE Personal Services	One-time realignment of costs for CDDD program administration	\$179,794

Integrated Waste Management Fund

Budget Category: Garbage and Recycling Services, Public Outreach,
and Administrative Services

Budget Category Summary (Cont'd.)

Adopted Allocation	Change
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Administrative Services (Cont'd.)

Base Adjustments (Cont'd.)

• City Hall Debt Service	Increased payment to the City Hall Debt Service Fund	\$42,278
• Overhead	Increase in overhead paid to the General Fund resulting from salary/benefit changes and reallocations	\$28,029
• PW Non-Personal/ Equipment	Public Works Capital Support Charges	\$1,451
Subtotal Base Adjustments		\$441,323

Budget Proposals Approved

• Overhead	Net Change in overhead paid to the General Fund resulting from staffing changes and compensation	(\$86,513)
• IT Personal Services	Technology Business Applications Management and Customer Contact Center Staffing	(\$292,616)
• PW Personal Services	Public Works Department Management and Professional Employees Total Compensation Reduction	(\$1,366)
• Transfer	CDDD Revenue Transfer to the General Fund	\$2,400,000
• Commercial Paper Repayment	Consolidated Utility Billing System (CUBS) Commercial Paper Repayment	\$4,088
Subtotal Budget Proposals Approved		\$2,023,593

Subtotal Administrative Services	\$2,464,916
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Total Garbage and Recycling Services, Public Outreach, and Administrative Services	\$ 106,541,311	\$ 106,903,337	\$ 362,026
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Integrated Waste Management Fund

Budget Category: Accounting and Lien Collection

Budget Category Overview

This category provides accounting and delinquency collection services for the residential Recycle Plus program, including the

Garbage Lien unit. Program staff reconciles revenue, expenditures, and accounts receivable.

Budget Category Summary

Accounting and Lien Collection	2008-2009 Actual 1	2009-2010 Adopted 2	2010-2011 Adopted 3	% Change (2 to 3)
Accounting and Lien Collection	\$ 1,512,351	\$ 1,616,816	\$ 1,611,884	(0.3%)
Total	\$ 1,512,351	\$ 1,616,816	\$ 1,611,884	(0.3%)

The following changes are included in 2010-2011 for the Accounting and Lien Collection allocation:

Adopted Allocation	2009-2010 Adopted	2010-2011 Adopted	Change
Accounting and Lien Collection	\$ 1,616,816	\$ 1,611,884	\$ (4,932)

Base Adjustments

(One-Time Prior Year Expenditures Deleted/Technical Adjustments to Costs of Ongoing Activities):

• Finance Non-Personal/ Equipment	Changes in Vehicle Maintenance and Operations	(\$3,000)
• Finance Personal Services	Salary/benefit changes and position reallocations	\$36,493
Subtotal Base Adjustments		\$33,493

Integrated Waste Management Fund

Budget Category: Accounting and Lien Collection

Budget Category Summary (Cont'd.)

Adopted Allocation		Change
Accounting and Lien Collection (Cont'd.)		
<u>Budget Proposals Approved</u>		
• Finance Non-Personal/ Equipment	Revenue Management Collection Staffing	(\$50,000)
• Finance Personal Services	Net impact of Integrated Billing System Consolidation, Payment Processing Efficiencies, Purchasing and Procurement Card Oversight Decentralization, and Revenue Management Collections Staffing changes	\$11,575
Subtotal Budget Proposals Approved		(\$38,425)
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Total Accounting and Lien Collection	\$ 1,616,816	\$ 1,611,884
		\$ (4,932)

Integrated Waste Management Fund

Budget Category: City-Wide Disposal Contract Management

Budget Category Overview

This program manages the City-Wide Disposal Agreement and pays the costs of the disposal of residential waste delivered to the Newby Island Landfill.

Budget Category Summary

City-Wide Disposal Contract Management	2008-2009 Actual 1	2009-2010 Adopted 2	2010-2011 Adopted 3	% Change (2 to 3)
City-Wide Disposal Contract Management	\$ 6,721,158	\$ 7,650,000	\$ 7,724,100	1.0%
Total	\$ 6,721,158	\$ 7,650,000	\$ 7,724,100	1.0%

San José entered into a 30-year agreement with IDC (International Disposal Corporation of California, Inc.) in 1985 for City waste disposal services. The City successfully renegotiated changes to the agreement in 2009 and the term was extended through 2024. The City and IDC also agreed to provide for an additional extension of this agreement should the life of the landfill extend beyond December 31, 2024. The residential disposal costs paid from the IWM Fund for the IDC contract cover the cost of disposing of the waste that is collected by the City's Recycle Plus contractors from single-family dwellings and multi-family dwellings.

The City's payments for residential waste delivered to the Newby Island Landfill consist of the following: an annually adjusted base rate for actual amounts of residential waste

delivered to the landfill; fees and taxes that IDC must pay back to the City; State and County surcharges; and regulatory rate payments for costs resulting from changes to laws and regulations made after January 1, 2009.

In 2010-2011, a reallocation of funding for disposal of waste generated at City facilities or by City programs from the General Fund is included in the Adopted Budget. This action will reallocate costs to the IWM Operating Fund (\$224,100) and Storm Sewer Operating Fund (\$75,000), resulting in an ongoing reduction of \$299,100 to the General Fund. The portion of the costs taken on by the IWM Fund will be paid for out of late fee revenue.

Integrated Waste Management Fund

Budget Category: City-Wide Disposal Contract Management

Budget Category Summary (Cont'd.)

The following changes are included in 2010-2011 for the City-Wide Disposal Contract Management allocation:

Adopted Allocation	2009-2010 Adopted	2010-2011 Adopted	Change
City-Wide Disposal Contract Management	\$ 7,650,000	\$7,724,100	\$ 74,100
<u>Budget Proposals Approved</u>			
• IDC Disposal Contract	Reallocation of funding for the disposal contract for city facilities from the General Fund partially offset by anticipated contract savings		\$74,100
Subtotal Budget Proposals Approved			\$74,100
Total City-Wide Disposal Contract Management	\$ 7,650,000	\$ 7,724,100	\$ 74,100

Integrated Waste Management Fund

Budget Category: Environmental Compliance and Monitoring

Budget Category Overview

This category provides funding for environmental remediation, monitoring and reporting, compliance obligations, and site maintenance for City closed landfills and City facilities where

underground fuel tanks have impacted groundwater. The 2010-2011 funding level reflects a one-time reallocation from the General Fund to the Integrated Waste Management Fund.

Budget Category Summary

Environmental Compliance and Monitoring	2008-2009 Actual 1	2009-2010 Adopted 2	2010-2011 Adopted 3	% Change (2 to 3)
Environmental Compliance and Monitoring	N/A	N/A	\$ 350,000	100.0%
Total	N/A	N/A	\$ 350,000	100.0%

The following changes are included in 2010-2011 for the Environmental Compliance and Monitoring allocation:

Adopted Allocation	2009-2010 Adopted	2010-2011 Adopted	Change
Environmental Compliance and Monitoring	\$ 0	\$ 350,000	\$ 350,000

Budget Proposals Approved

• Closed Landfill Compliance	One-time funding reallocation for landfill and fuel tank monitoring expenses from the General Fund to be paid for with late fee revenue	\$350,000
Subtotal Budget Proposals Approved		\$350,000

Total Environmental Compliance and Monitoring	\$ 0	\$ 350,000	\$ 350,000
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